

Elon Musk's Brother's 'Smart Farm' Startup Lays Off Most Staff

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Square Roots is halting production at many of its farms. The company was cofounded by Kimbal Musk (Left). Chris Saucedo/Getty Images for SXSW and Square Roots

Square Roots, a tech farming startup that was cofounded by Elon Musk's brother, Kimbal, shut down the majority of its remaining locations on Tuesday and laid off most of its staff, two employees who were laid off as a result of the closures told Insider.

The vertical farming startup was founded in 2016 and quickly grew to five locations, announcing a partnership with Gordon Food Service in 2019. Square Roots grows herbs and salad greens using shipping containers and artificial light and aims to localize food sources, making farming a year-round process.

The "smart farm" company had over \$90 million in total funding as of April 2022, and some of its backers include close friends of Elon Musk, including David Sack's Craft Ventures, according to Pitchbook.

Square Roots CEO Tobias Peggs, who cofounded the company alongside Kimbal Musk, notified employees on a Zoom call on Tuesday that the startup would halt production at its locations in Springfield, Ohio, Shepherdsville, Kentucky, and Kenosha, Wisconsin, the

two sources said. [Kenosha News](#) was the first to report that the Wisconsin location was facing a shutdown and [WDRB later confirmed](#) the company planned to shut down four of its farms.

A former employee at the company's Grand Rapids location said that they were told one of the two farms at the location had been shut down and the other would stay in use to support the company's new business model. All but about 10 of the workers at the Grand Rapids location, which employed over two dozen staff, were let go, the former worker said. All on-site employees at the other locations were terminated, the other ex-employee said.

The exact number of layoffs couldn't be learned. The company was estimated to have around 198 employees as of June, according to PitchBook.

"It was framed as a temporary thing, but the layoffs didn't feel temporary," the former Grand Rapids worker said. "It wasn't like they were saying 'You guys will be offered your jobs back' at any point."

Elon Musk's brother, Kimbal, cofounded Square Roots alongside CEO Tobias Peggs in 2016.
Axelle/Bauer-Griffin/FilmMagic

The company shut down its original farm in Brooklyn earlier this year, laying off about 50 people at the time, according to a [January press release](#). The recent layoffs came across as a surprise to staff, the ex-employees said. Square Roots had only just opened the Kenosha facility — its largest yet — in August and its Shepherdsville location had been operational for less than three months, they told Insider.

"It was just a normal day," the former Grand Rapids employee said of the latest layoffs and farm closures announced Tuesday. "We were in the middle of production and everyone received an email and Slack saying essentially 'Drop everything and attend this Zoom call.' There was really no context as to why this was happening so suddenly and everybody was kind of shocked."

During the Zoom call, Peggs told employees the company was shifting its focus away from packaging its own product and focusing more on supporting business partners like Gordon Food Services, the ex-staffers said.

A spokesperson for Gordon Food Service directed Insider to Square Roots and a spokesperson for the startup did not respond to multiple requests for comment ahead of publication. The company [told local news](#) that Square Roots was changing its business model to focus on "farming as a service."

Square Roots CEO and cofounder Tobias Peggs showing some of the company's vertical farming containers in New York in 2017. Getty/DON EMMERT

"We're now operating our controlled climate farms exclusively for our strategic partners — whether that's to immediately secure the supply of high quality crops, or to explore novel ways of profitably growing high calorie food indoors," the company told WDRB. "As we've made this move, we have had to pause commercial production in some of our facilities while we reconfigure them to be more suitable for servicing customers under the Farming as a Service model, and we look forward to bringing these facilities back on line in the future."

Employees were told they would learn via email shortly after the Zoom call whether their role had been impacted by the farm shut-downs. The Grand Rapids employee said the workers at their location learned they had been laid off after they were abruptly locked out of their work email.

"It was quite abrupt and has been very devastating to this wonderful team of people," the former Grand Rapids employee said. "A lot of us feel like we have to start from ground zero now. There's not a lot of hydroponic startups in Michigan, so it's tough on everybody."